

CAPITAL ASSET PRICING MODEL
DPU Exhibit 6.6
DPU Witness: Artie Powell
Docket No. 01-035-01

The results for the Capital Asset Pricing model (CAPM) range from a low of 7 percent to a high of 12 percent with an average estimate of 9.72 percent.

The betas and risk free rate are from Value Line reports and Value Line’s Investment Survey. The risk free rate, 5.45 percent is the midpoint of the 13 week range on 30-year treasury bonds. The market premium are long-run estimates for the average and end-points of a standard 95 percent confidence interval for market returns. The estimates were taken from a study conducted by John Cochrane: “Where is the Market Going? Uncertain Facts and Novel Theories,” NBER Working Paper Series, Working Paper 6207, National Bureau of Economic Research, October, 1997.

Company	Beta	Risk	Market Premium			Estimated ROE		
		Free Rate	Low	Midpoint	High	Low	Midpoint	High
Ameren Corp.	0.55	5.45%	3.00%	8.00%	13.00%	7.10%	9.85%	12.60%
Cleco Corp.	0.55	5.45%	3.00%	8.00%	13.00%	7.10%	9.85%	12.60%
Con Edison	0.55	5.45%	3.00%	8.00%	13.00%	7.10%	9.85%	12.60%
DPL Inc.	0.60	5.45%	3.00%	8.00%	13.00%	7.25%	10.25%	13.25%
DQE	0.50	5.45%	3.00%	8.00%	13.00%	6.95%	9.45%	11.95%
DTE Energy	0.60	5.45%	3.00%	8.00%	13.00%	7.25%	10.25%	13.25%
Energy East Corp.	0.60	5.45%	3.00%	8.00%	13.00%	7.25%	10.25%	13.25%
FPLGroup	0.45	5.45%	3.00%	8.00%	13.00%	6.80%	9.05%	11.30%
IDACORP, Inc.	0.50	5.45%	3.00%	8.00%	13.00%	6.95%	9.45%	11.95%
IPALCOEnterprises	0.45	5.45%	3.00%	8.00%	13.00%	6.80%	9.05%	11.30%
NSTAR	0.55	5.45%	3.00%	8.00%	13.00%	7.10%	9.85%	12.60%
PinnacleWestCapital	0.50	5.45%	3.00%	8.00%	13.00%	6.95%	9.45%	11.95%
Potomac Elec Pwr	0.50	5.45%	3.00%	8.00%	13.00%	6.95%	9.45%	11.95%
PugetSound Energy	0.55	5.45%	3.00%	8.00%	13.00%	7.10%	9.85%	12.60%
UILHoldings	0.55	5.45%	3.00%	8.00%	13.00%	7.10%	9.85%	12.60%
Mean	0.54					7.05%	9.72%	12.38%